GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:2814
ANSWERED ON:01.08.2002
GROWTH OF CAPITAL GOODS INDUSTRY
A. VENKATESH NAIK;ASHOK NAMDEORAO MOHOL

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether attention of the Government has been drawn to the report captioned `Policy issues hamper capital goods industry-CII` appearing in the `Hindu` dated July 14, 2002;

(b) if so, whether the capital goods industry delegation met him on the issue;

(c) if so, the reaction of the Government in this regard; and

(d) the steps taken by the Government to accelerate growth of capital goods industry?

Answer

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI BALASAHEB VIKHE PATIL)

(a) to (d): Yes, Sir. The Union Budget 2002-2003 has made specific allocation for some of the major schemes in the area of construction, housing, steel and cement sector. Plan Budget for 2002-2003 has been increased by 20% compared to the previous year. Rationalization of duty structure has been done by introducing single rate of CENVAT at 16%, which applies to most goods. On the custom side, the policy is to move to a peak rate of 20% within three years. Government has announced that by the year 2004-05, there would be only two basic rates of Customs duty, namely, 10% covering generally raw materials, intermediate and components and 20% covering generally final products.

The present status and constraints faced by the Capital Goods Industry were presented before the Minister for Heavy Industries & Public Enterprises in a CEOs Round Table on Capital Goods held on 29.7.2002.The decisions taken in pursuance of the Round Table Conference include setting up of Inter-Ministerial Committee (IMC) for resolution of issues concerning various Ministries for development and growth of the Capital Goods Industry and setting up of Task Force on export for giving a thrust to the export activities.